YUKON UTILITIES BOARD
2011-12 ANNUAL REPORT

YUKON UTILITIES BOARD

2011-12 ANNUAL REPORT

THE BOARD

The Yukon Utilities Board was established pursuant to the *Public Utilities Act,* Revised Statutes, 1986. c. 143, as amended. Section 2 of the Act defines the Board as comprised of not less than three and not more than five members. Section 4 provides for the appointment of a substitute member to act in the absence of a member of the Board. The Chair, Vice-Chair and members are appointed by the Minister of Justice for terms of three years. Members can also be appointed to serve subsequent terms, at the discretion of the Minister of Justice.

The Board office is located at Unit 19, 1114 First Avenue (second floor of the Horwood's Mall) in Whitehorse, Yukon. Our mailing address is:

Yukon Utilities Board
Box 31728
Whitehorse, Yukon Y1A 6L3

Phone (867) 667-5058
Fax (867) 667-5059
E-mail yub@utilitiesboard.yk.ca

The Board retains independent legal advisors and qualified technical consultants, and it contracts with a part-time Executive Secretary.

The Board regulates two electrical utilities in the Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned Yukon Electrical Company Limited (YECL). The Board carries out such other functions as are required by the *Public Utilities Act* and as directed by the Minister of Justice as ordered through the territorial government's Orders-in-Council.

Under Section 52 of the *Public Utilities Act*, and following the principles of natural justice, the Board may, with respect to an inquiry:

- exercise the exclusive jurisdiction and authority to determine any question of fact, law or mixed fact or law required to be decided;
- receive such evidence or other information as it considers appropriate, whether or not such evidence is given under oath or affirmation, and whether or not it would be admissible in a court of law;
- exercise the powers, privileges, and immunities of a Board of Inquiry under the *Public Utilities Act*;
- determine the persons to whom notice of any proceedings shall be given; and
- determine its own procedures.

Board Orders are reviewable by the Yukon Court of Appeal.

The Board's authority includes carrying out investigations and reviews at the request of the Minister of Justice pursuant to the *Public Utilities Act*, namely Regulation of Public Utilities (Part II) and the regulation of Energy Projects (Part III). The Board is also empowered to investigate complaints and initiate investigations it deems necessary in the interest of ratepayers generally (Part IV).

Funding for public hearings can only be authorized by the Minister of Justice.

MEMBERSHIP

Board membership during the reporting period consisted of:

Chair	Bruce McLennan
Vice-Chair	Robert Laking
Member	Richard Hancock
Member	Naresh Prasad (as of August 26, 2011)
Member	Jody Woodland (ended September 30, 2011)
Member	Kathleen Avery (ended June 28, 2011)

BOARD SUPPORT

Board Support during this reporting period was provided by:

Executive Secretary	Deana Lemke, Beyond Words Business Services Whitehorse, Yukon
Technical Support	Alberta Utilities Commission
Regulatory Legal Support	Alberta Utilities Commission

THE YEAR IN REVIEW

Board Meetings

There were 15 Board meetings in this fiscal year, held on the following dates:

April 6, 2011
April 28, 2011
June 22, 2011
June 28, 2011
July 21, 2011
August 16, 2011
September 22, 2011
October 5, 2011
October 14, 2011
November 7, 2011
December 16, 2011
December 22, 2011
January 31, 2012
February 27, 2012
February 29, 2012

CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNALS (CAMPUT)

The Yukon Utilities Board continues to be an active member of the Canadian Association of Members of Public Utilities Tribunals (CAMPUT). The Board relies on CAMPUT and the Alberta Utilities Commission to be the primary provider of Board member training.

Bruce McLennan participated in the 2011 CAMPUT Conference and Annual General Meeting in Halifax, NS in September 2011.

Bruce McLennan and Jody Woodland participated in the CAMPUT Conference in Vancouver, BC in May 2011.

TRAINING

The Board's Executive Secretary participated in a Statutory Interpretation – Understanding Legislation workshop at Yukon College in February 2012.

PROCEEDINGS

The Board was involved in the following proceedings during this fiscal year:

Yukon Energy Corporation-Yukon Electrical Company Ltd. Joint Phase II

This proceeding was carried over from the previous fiscal year. The Board received a joint application from YEC and YECL regarding Rate Design, Terms and Conditions of Service, and the concurrent YECL Application for Rider D – Diesel Generation Energy Cost Recovery Rider.

On December 30, 2010, the Board directed the Companies to provide a compliance filing to the Board within 60 days of the issuance of Board Order 2010-13. The Board did not accept the cost of service study as filed by the Companies, but did not require a cost of service study to be filed in the compliance filing. The Companies were directed to include updated Rate Schedules, Bill Comparison Tables, and Terms and Conditions of Service as separate attachments reflecting the directions provided.

On February 28, 2011, the Companies submitted their compliance filing to the Board. Following a review, the Board issued its decision with respect to the compliance filing, finding it to be consistent with the directions given to the Companies.

The Board approved the Rate Schedules and Terms and Conditions of Service effective June 1, 2011. The Board was not persuaded with respect to the Cost of Service submissions of the Companies and directed that Board Order 2010-13

stands with respect to Cost of Service. The Board did not accept the Cost of Service Study as filed by the Companies. The Board stated that it was of the view that any revenue-to-cost ratios derived from the application were without merit.

In a June 1, 2011 e-mail to the Board, the Companies noted several typographical and formatting errors contained in the rate schedules and terms and conditions of service documents sent with the compliance filing. The Companies requested that the Board review the proposed corrections and approve the rates effective July 1, 2011.

On June 22, 2011, the Board issued a decision that found the request of the Companies to correct the formatting and typographical errors to be reasonable. The Board further found the request of the Companies to replace Rate Schedules 32 and 43 to be reasonable. Therefore, the Board approved the Rate Schedules and Terms and Conditions of Service with an effective date of July 1, 2011.

The cost awards were approved on June 28, 2011 through Board Order 2011-08.

Yukon Energy Corporation-Alexco Power Purchase Agreement

This proceeding was carried over from the previous fiscal year. The Board received an application from Yukon Energy Corporation requesting approvals related to the Alexco Power Purchase Agreement (PPA). It was determined that a written proceeding was sufficient and a process schedule was adopted.

On January 26, 2011, the Board approved the PPA through Board Order 2011-01.

The cost awards were approved on July 21, 2011 through Board Order 2011-09.

Yukon Energy Corporation Rate Schedule 39

This proceeding was carried over from the previous fiscal year. The Board received an application from Yukon Energy Corporation on November 30, 2010 to address escalation of demand and energy charges as per OIC 2007/94. It was determined that a written proceeding would be sufficient for this application. The scope of the proceeding was limited to the escalation of the Demand and Energy charges in Rate Schedule 39.

On December 31, 2011 the Board approved the request by YEC to escalate the Demand and Energy charges for Rate Schedule 39 by 2.8% effective January 1, 2011 on an interim refundable basis. Following the proceeding, the Board's final decision issued April 6, 2011 was to approve this increase as requested.

The cost awards were approved on June 27, 2011 through Board Order 2011-07.

On December 5, 2011, Yukon Energy Corporation filed an application with the Board seeking approval for amendments to Rate Schedule 39. The Board issues a memorandum on December 7, 2011 seeking comments from interested parties on the need for a process with respect to the request by YEC. Following consideration of parties' submissions, the Board approved the request by YEC to escalate the demand and energy charges for Rate Schedule 39 by 3.4% effective January 1, 2012.

YEC-YECL Rider F Policy

The Board received a joint application from Yukon Energy Corporation and Yukon Electrical Company Ltd. seeking Board approval for the YEC & YECL Rider F – Fuel Adjustment Rider & Deferred Fuel Price Variance Policy. The policy was filed in response to direction from Board Order 2010-13 issued December 30, 2010.

The Companies stated that the written policy outlines the administration of the deferred fuel price variance account and sets out how Rider F changes are administered in Yukon based on well-established past practice and specific order of the Government of Yukon (OIC 1995/90).

The Board considered this application through a written proceeding as outlined in Board Order 2011-10 and 2011-11. After consideration of the evidence, argument and reply argument, the Board approved the policy as revised by the directions set out in Appendix A attached to Board Order 2011-15. The Board directed the Companies to provide a revised Rider F Policy as an acknowledgement filing. The compliance filing was submitted to the Board January 20, 2012. The Board invited comments from Parties on the compliance filing.

The Board approved the Rider F policy compliance filing February 29, 2012 through Board Order 2012-02. The Board determined that the Companies' revised policy is consistent and compliant with the directions issued by the Board in Board Order 2011-15. The Board ordered that when the Companies forward their Rider F rate change advisory letters to the Board, copies are to be circulated to interested parties.

The cost awards for the YEC-YECL Rider F proceeding were approved on February 27, 2012 through Board Order 2012-01.

For more information on the above-noted proceedings, please refer to the original submissions and Board Orders located on the Board's website:
www.yukonutilitiesboard.yk.ca

Rules of Practice review

The Board is undertaking a review of its Rules of Practice and Scale of Costs which were implemented in 1995. In response to the Board's invitation for comments on the Rules of Practice and potential amendments, the Board received submissions from YEC, YECL, UCG and John Maissan (Leading Edge). The Board will work on revising its Rules of Practice including the Scale of Costs over the coming months and will distribute draft to Interested Parties for review and comment.

BOARD ORDERS

Below is a summary of Board Orders approved by the Board during this reporting period. All Board Orders can be viewed on the Board's website at www.yukonutilitiesboard.yk.ca

Order No.	Date	Order
2011-04	April 6, 2011	Approval of YEC Rate Schedule 39
2011-05	April 28, 2011	Approval of YEC-YECL Phase II Compliance Filing
2011-06	June 22, 2011	YEC-YECL Phase II Rate Schedules
2011-07	June 27, 2011	YEC Rate Schedule 39 Proceeding Cost Awards
Errata to 2011-07	July 6, 2011	YEC Rate Schedule 39 Proceeding Costs Awards
2011-08	June 28, 2011	YEC-YECL Phase II Proceeding Cost Awards
2011-09	June 21, 2011	YEC-Alexco PPA Cost Award
2011-10	July 21, 2011	YEC-YECL Rider F Proceeding Schedule
2011-11	August 16, 2011	YEC-YECL Rider F Proceeding Schedule and Intervenors
2011-12	October 5, 2011	YEC-YECL Rider F IRs and revised proceeding schedule
2011-13	October 14, 2011	Decision on Request for R&V of Board Order 2011-08, Cost Award

Order No.	Date	Order
2011-14	December 16, 2011	YEC Rate Schedule 39 Decision
2011-15	December 22, 2011	YEC-YECL Rider F Decision
2012-01	February 27, 2012	YEC-YECL Rider F Cost Awards
2012-02	February 29, 2012	YEC-YECL Rider F Policy Compliance Filing